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E.O. 12958: DECL: 09/05/2017
TAGS: [ETTC](#) [KNNP](#) [PREL](#) [KN](#) [SZ](#)
SUBJECT: DPRK FINANCIAL ACTIVITIES IN SWITZERLAND

Classified By: EUR PDAS Kurt D. Volker for reasons 1.4 (b) and (d).

[1](#)1. (SBU) This is an action request, please see paragraph 3.

OBJECTIVES

[1](#)2. (S) Washington has information that North Korea may be seeking to establish a new bank in Switzerland similar to one it used in the 1990s to facilitate money laundering and other illicit financial transactions.

-- Alert Swiss officials to North Korea's activities and those of Golden Star Bank; and

-- Request that they investigate and take appropriate steps to protect the Swiss financial system from exploitation.

ACTION REQUEST & REPORTING DEADLINE

[1](#)3. Washington requests addressees draw on paragraph 2, as appropriate, and deliver the non-paper in paragraph 4 to appropriate host government officials in the Ministry of Foreign Affairs and the Ministry of Finance. Please report delivery of the U.S. nonpaper and any immediate response within seven (7) days of receipt of this message. Please slug replies for ISN, T, TREASURY, EUR and EAP. Please include SIPDIS in all replies.

[1](#)4. (S/REL TO SWITZERLAND) BACKGROUND/NONPAPER FOR SWITZERLAND

-- In light of our commitment to share as much information with your government as possible on suspected illicit or proliferation-related transactions, we would like to raise concerns about possible North Korean financial activities in your country.

-- The United States has information that North Korea may be seeking to establish a new bank in Switzerland that would be similar to Golden Star Bank. The new bank may be a joint venture bank under the auspices of North Korea's Foreign Trade Bank.

-- This new entity may be intended to replace the now-defunct Golden Star Bank that existed in Vienna. Golden Star Bank was established in 1982 as a subsidiary of North Korea's Daesong Bank, ostensibly to engage in foreign exchange transactions. Golden Star Bank was suspected of money laundering and ceased operations in 2004, returning its banking license to the Austrian authorities that year.

-- Golden Star Bank and its parent, Daesong Bank, both fell under the control of North Korea's Bureau 39. Bureau 39 is a wing of the Korean Workers' Party that has been involved in counterfeiting currency and selling narcotics. It is the headquarters for almost all of the North's foreign

exchange-earning businesses.

-- As the North's only state bank branch in Europe, Golden Star was the center of North Korea's euro-denominated transactions.

-- Golden Star Bank also operated as a hub for North Korean espionage in Europe. A 2003 report from Austria's Ministry for the Interior declared, "There are detectable efforts by the North Korean secret services to place its agents in diplomatic and non-diplomatic positions in Austria. The camouflage for these activities is Europe's only established branch of the North Korean state bank, which is located in Vienna."

-- We are concerned that North Korea may be attempting to operate a new bank in Switzerland that could engage in

deceptive financial practices to circumvent controls established by responsible financial institutions.

-- We urge you to investigate and prevent the establishment of any financial institution that may be intended to facilitate proliferation or other illicit activities.

-- We look forward to working with you on this and other related security and counter-proliferation matters and are prepared to provide additional assistance as appropriate.

End background/nonpaper.

15. POINT OF CONTACT: (U) Washington appreciates Post's assistance. POC for this demarche is ISN/CPI Kevin McGeehan at 202-647-5408 or mcgeehankj@state.sgov.gov.
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